

AMENDED IN SENATE MAY 29, 2012

AMENDED IN SENATE MAY 1, 2012

AMENDED IN SENATE APRIL 9, 2012

**SENATE BILL**

**No. 1225**

---

**Introduced by Senator Padilla**

February 23, 2012

---

An act to amend Sections 14031.8, 14070.2, 14070.4, and 14070.6 of, and to repeal and add Article 5.2 (commencing with Section 14072) of Chapter 1 of Part 5 of Division 3 of Title 2 of, the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1225, as amended, Padilla. Intercity rail agreements.

Existing law authorizes the Department of Transportation to contract with Amtrak for intercity passenger rail services and provides funding for these services from the Public Transportation Account. Existing law, until December 31, 1996, authorized the department, subject to approval of the Secretary of the Business, Transportation and Housing Agency, to enter into an interagency transfer agreement under which a joint powers board assumes responsibility for administering the state-funded intercity rail service in a particular corridor. Existing law, with respect to a transferred corridor, requires the board to demonstrate the ability to meet performance standards established by the secretary.

This bill would authorize the department, with the approval of the secretary, to enter into an additional interagency transfer agreement with respect to the LOSSAN Corridor, defined to mean the intercity passenger rail corridor between San Diego, Los Angeles, and San Luis Obispo, if the LOSSAN Agency, an existing joint powers agency, is

reconstituted through an amended joint powers agreement approved by the governing boards of its members to enable that agency to enter into an interagency transfer agreement with the secretary relative to the LOSSAN Corridor.

This bill would require an interagency transfer agreement for the LOSSAN Corridor to cover the initial 5-year period after the transfer. The bill would require ~~the secretary, if an a transfer agreement is not to be entered into by June 30, 2014, to report to the Governor and the Legislature by July 31, 2014, as specified.~~

*Existing law requires the level of service to be funded by the state pursuant to a transfer agreement to not be less than the current number of intercity round trips operated in a corridor and serving the same endpoints.*

*This bill would delete this provision and would require the level of funding provided by the state pursuant to a transfer agreement for the LOSSAN Corridor to not be less than the funding level provided in the 2012–13 fiscal year operating contract between the department and Amtrak.*

Existing law provides for the allocation of state funds by the secretary to a joint powers board under an interagency transfer agreement based on the annual business plan for the intercity rail corridor and subsequent appropriation of state funds. Existing law states that the interagency transfer agreement may provide that any additional funds required to operate the passenger rail service during a fiscal year shall be provided by the joint powers board from jurisdictions that receive service.

This bill would delete the provision requiring additional funds to be provided by the board, and would instead provide that those funds may be provided by the board. The bill, with respect to the LOSSAN Corridor, would provide that local resources shall not be available to offset any redirection, elimination, reduction, or reclassification of state resources for operating intercity rail services. In addition, with regard to that corridor, the bill would require the passenger rail equipment used for intercity passenger rail services to be the same type of equipment used on other state-funded intercity passenger rail services. The bill would prohibit termination of feeder bus services connecting the LOSSAN and San Joaquin Corridors except for specified reasons.

This bill would authorize the secretary to adopt new performance standards by December 31, 2014, for intercity rail services.

This bill would repeal now-obsolete provisions authorizing the Southern California Regional Rail Authority to be a party to an

interagency transfer agreement for intercity rail services in specified counties.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. This act shall be known and may be cited as the  
2 Intercity Passenger Rail Act of 2012.

3 SEC. 2. (a) The Legislature finds and declares all of the  
4 following:

5 (1) An intercity passenger rail system, linking major urban  
6 centers and complemented by feeder bus services that provide  
7 access to outlying areas and destinations, is an important element  
8 of the state's transportation system, and shall remain a state-funded  
9 program.

10 (2) The state has a continuing interest in the provision of  
11 cost-effective intercity passenger rail services and has a  
12 responsibility to coordinate intercity passenger rail services  
13 statewide.

14 (3) Since 1976, the state has invested over one billion eight  
15 hundred million dollars (\$1,800,000,000) in capital improvements  
16 and operating support for intercity passenger rail service and must  
17 ensure the protection of that investment.

18 (b) The Legislature, through the enactment of this act, intends  
19 all of the following:

20 (1) The Secretary of Business, Transportation and Housing to  
21 be responsible for the overall planning, coordination, and budgeting  
22 of the intercity passenger rail service consistent with this act.

23 (2) If the secretary determines that transferring responsibility  
24 for intercity passenger rail service in a particular corridor or  
25 corridors to a statutorily created joint powers agency would result  
26 in administrative or operating cost reductions, the secretary may  
27 authorize the Department of Transportation to enter into an  
28 interagency transfer agreement to effect a transfer of those  
29 administrative functions, consistent with this act.

30 (3) Any intercity passenger rail corridor for which administrative  
31 responsibility has been transferred to a joint powers board through  
32 an interagency transfer agreement to remain a component of the  
33 statewide system of intercity passenger rail corridors.

1 (4) The public interest requires expansion of the state intercity  
2 passenger rail program in order to keep pace with the needs of an  
3 expanding population.

4 (5) It is desirable that the level of state funding for intercity  
5 passenger rail service in each corridor be maintained at a level  
6 equal to at least the current level of service in the corridor for not  
7 less than a five-year period, thus providing fiscal stability that will  
8 allow appropriate planning and operation of these services.

9 (6) It is in the public interest to ensure fiscal accountability that  
10 the intercity passenger rail service operating in the LOSSAN  
11 Corridor maintain a ratio of fare revenue to operating cost of no  
12 less than 58 percent.

13 (7) It is in the public interest that the LOSSAN Corridor Joint  
14 Powers Agency retain an individual to manage the contract with  
15 the state who has previous experience operating or managing  
16 intercity or commuter passenger rail services.

17 SEC. 3. Section 14031.8 of the Government Code is amended  
18 to read:

19 14031.8. (a) The Secretary of Business, Transportation and  
20 Housing shall establish, through an annual budget process, the  
21 level of state funding available for the operation of intercity  
22 passenger rail service in each corridor.

23 (b) Where applicable, operating funds shall be allocated by the  
24 secretary to the joint powers board in accordance with an  
25 interagency transfer agreement that includes mutually agreed-upon  
26 rail services. Funds for the administration and marketing of  
27 services, as appropriate, shall also be transferred by the secretary  
28 to the joint powers board, subject to the terms of the interagency  
29 transfer agreement.

30 (c) The joint powers board or local or regional entities may, but  
31 shall not be required to, augment state-provided resources to  
32 expand intercity passenger rail services using local resources, or  
33 to address funding shortfalls in achieving agreed-upon performance  
34 standards.

35 (d) The department may provide any support services as may  
36 be mutually agreed upon by the board and the department.

37 (e) Operating costs shall be controlled by dealing with, at a  
38 minimum, the ~~current Amtrak cost allocation formula, which,~~  
39 ~~beginning in federal fiscal year 2013–14, will be subject to Section~~  
40 ~~209 of the federal Passenger Rail Investment and Improvement~~

1 ~~Act~~, and the ability to contract out to Amtrak or other rail operators  
2 as a part of federal legislation dealing with Amtrak reauthorization.

3 (f) Not later than December 31, 1997, the secretary shall  
4 establish a set of uniform performance standards for all corridors  
5 and operators to control cost and improve efficiency. To the extent  
6 necessary, as determined by the secretary, performance standards  
7 may be modified not later than December 31, 2014, relative to  
8 including the San Diego-Los Angeles-San Luis Obispo (LOSSAN)  
9 Corridor among the corridors subject to an interagency transfer  
10 agreement.

11 (g) Notwithstanding any other provision of this section, with  
12 regard to the LOSSAN Corridor, local resources described in  
13 subdivision (c) shall not be available for expenditure to offset any  
14 redirection, elimination, reduction, or reclassification of state  
15 resources for operating intercity passenger rail services as identified  
16 in subdivision (b).

17 SEC. 4. Section 14070.2 of the Government Code is amended  
18 to read:

19 14070.2. (a) If authorized by the secretary, the department  
20 may, through an interagency transfer agreement, transfer to a joint  
21 powers board, and the board may assume, all responsibility for  
22 administering state-funded intercity passenger rail service in the  
23 corridor. Upon the date specified in the agreement, the board shall  
24 succeed to the department's powers and duties relative to that  
25 service, except that the department shall retain responsibility for  
26 developing budget requests for the service through the state budget  
27 process, which shall be developed in consultation with the board,  
28 and for coordinating service in the corridor with other intercity  
29 passenger rail services in the state.

30 (b) (1) Except as otherwise provided in paragraph (2), the  
31 interagency transfer agreement shall be executed on or before  
32 December 31, 1996.

33 (2) With respect to the LOSSAN Corridor, ~~if an interagency~~  
34 ~~transfer agreement for that corridor is not entered~~ *shall be entered*  
35 ~~into on or before June 30, 2014, the secretary shall provide a report~~  
36 ~~to the Governor and the Legislature on or before July 31, 2014,~~  
37 ~~explaining why an acceptable agreement has not been developed,~~  
38 ~~with specific recommendations for developing an acceptable~~  
39 ~~agreement.~~

1 (c) The secretary shall require the board to demonstrate the  
2 ability to meet the performance standards established by the  
3 secretary pursuant to subdivision (f) of Section 14031.8.

4 SEC. 5. Section 14070.4 of the Government Code is amended  
5 to read:

6 14070.4. (a) An interagency transfer agreement between the  
7 department and a joint powers board, when approved by the  
8 secretary, shall do all of the following:

9 (1) Specify the date and conditions for the transfer of  
10 responsibilities and identify the annual level of funding and ensure  
11 that the level of funding is consistent with and sufficient for the  
12 planned service improvements within the corridor. For purposes  
13 of the LOSSAN Corridor, the interagency transfer agreement shall  
14 cover the initial five-year period after the transfer, but may be  
15 extended thereafter by mutual agreement.

16 (2) Identify, for the initial year and subsequent years, the funds  
17 to be transferred to the board including state operating subsidies  
18 made available for intercity rail services in the corridor, and funds  
19 currently used by the department for administration and marketing  
20 of the corridor, with the amounts adjusted annually for inflation  
21 and in accordance with the business plan.

22 (3) Specify the level of service to be provided, the respective  
23 responsibilities of the board and the department, the methods that  
24 the department will use to ensure the coordination of services with  
25 other rail passenger services in the state, and the methods that the  
26 department will use for the annual review of the business plan and  
27 annual proposals on funding and appropriations.

28 (4) Describe the terms for transferring to the joint exercise of  
29 powers agency car and locomotive train sets, and other equipment  
30 and property owned by the department and required for the intercity  
31 passenger rail service in the corridor, including, but not limited  
32 to, the number of units to be provided, liability coverage,  
33 maintenance and warranty responsibilities, and indemnification  
34 issues.

35 (5) Describe auditing responsibilities and process requirements,  
36 reimbursement and billing procedures, the responsibility for  
37 funding shortfalls, if any, during the course of each fiscal year, an  
38 operating contract oversight review process, performance standards  
39 and reporting procedures, the level of rail infrastructure  
40 maintenance, and other relevant monitoring procedures. The

1 description shall contain an evaluation of the impact of any transfer  
2 of equipment on other intercity corridors. The agreement shall  
3 endeavor to minimize the impact and maximize the efficient use  
4 of the equipment, including continued joint use of equipment that  
5 is currently shared by one or more corridors.

6 (b) Use of the annual state funding allocation, as set forth in the  
7 interagency transfer agreement, shall be described in an annual  
8 business plan submitted by the board to the secretary for review  
9 and recommendation by April 1 of each year. The business plan,  
10 when approved by the secretary, shall be deemed accepted by the  
11 state. The budget proposal developed by the department for the  
12 subsequent year shall be based upon the business plan approved  
13 by the secretary. The business plan shall be consistent with the  
14 interagency transfer agreement and shall include a report on the  
15 recent as well as historical performance of the corridor service, an  
16 overall operating plan including proposed service enhancement to  
17 increase ridership and provide for increased traveler demands in  
18 the corridor for the upcoming year, short-term and long-term capital  
19 improvement programs, funding requirements for the upcoming  
20 fiscal year, and an action plan with specific performance goals and  
21 objectives. The business plan shall document service improvements  
22 to provide the planned level of service, inclusion of operating plans  
23 to serve peak period work trips, and consideration of other service  
24 expansions and enhancements. With respect to the LOSSAN  
25 Corridor, the initial business plan shall be consistent with the  
26 immediately previous State Rail Plan developed by the department  
27 pursuant to Section 14036. The business plan shall clearly delineate  
28 how funding and accounting for state-sponsored intercity passenger  
29 rail services shall be separate from locally sponsored services in  
30 the corridor. Proposals to expand or modify intercity passenger  
31 rail services shall be accompanied by the identification of all  
32 associated costs and ridership projections. The business plan shall  
33 establish, among other things: fares, operating strategies, capital  
34 improvements needed, and marketing and operational strategies  
35 designed to meet performance standards established in the  
36 interagency transfer agreement.

37 (c) Based on the annual business plan and the subsequent  
38 appropriation by the Legislature, the secretary shall allocate state  
39 funds on an annual basis to the board. As provided in the  
40 interagency transfer agreement, any additional funds that are

1 needed to operate the passenger rail service during a fiscal year  
2 may be provided by the board from jurisdictions that receive  
3 service. In addition, the board may use any cost savings or farebox  
4 revenues to provide service improvements related to intercity  
5 service. In any event, the board shall report the fiscal results of the  
6 previous year's operations as part of the annual business plan.

7 ~~(d) The level of service funded by the state shall in no case be~~  
8 ~~less than the current number of intercity round trips operated in a~~  
9 ~~corridor and serving the end points currently served by the intercity~~  
10 ~~rail corridor. For purposes of the LOSSAN Corridor, the level of~~  
11 ~~service funded by the state shall be no less than the level of service~~  
12 ~~funded as of January 1, 2013. Subject to Section 14035.2, the level~~  
13 ~~of service funded by the state shall also include feeder bus service~~  
14 ~~with substantially the same number of route miles as the current~~  
15 ~~feeder system, to be funding provided by the state for the LOSSAN~~  
16 ~~Corridor shall in no case be less than the funding level provided~~  
17 ~~in the 2012–13 fiscal year operating contract between the~~  
18 ~~department and the National Railroad Passenger Corporation~~  
19 ~~(Amtrak) for the LOSSAN Corridor. Subject to Section 14035.2,~~  
20 ~~the level of funding provided by the state shall also include funding~~  
21 ~~at the same level provided as of January 1, 2013, for feeder bus~~  
22 ~~service that is operated in conjunction with the trains. However,~~  
23 ~~the interagency transfer agreement shall not prohibit the joint~~  
24 ~~powers board from reducing the number of feeder bus route miles~~  
25 ~~if the joint powers board determines that a feeder bus route is not~~  
26 ~~cost effective as provided in Section 14035.2.~~

27 (e) Feeder bus services that provide connections for intercity  
28 rail passengers from the LOSSAN Corridor to the state-supported  
29 San Joaquin passenger rail service shall not be terminated unless  
30 the bus services fail to meet the cost-effectiveness standard  
31 described in paragraph (3) of subdivision (a) of Section 14035.2.

32 (f) Nothing in this article shall be construed to preclude  
33 expansion of state-approved intercity rail service.

34 (g) Notwithstanding any other provision of this section, with  
35 regard to the LOSSAN Corridor, local resources described in  
36 subdivision (c) shall not be available for expenditure to offset any  
37 redirection, elimination, reduction, or reclassification of state  
38 resources for operating intercity passenger rail services.

39 (h) The passenger rail equipment regularly used for intercity  
40 passenger rail service on the LOSSAN Corridor shall be the same



1 type of equipment regularly used on other intercity corridors funded  
2 by the state. The purpose of this requirement is to ensure that there  
3 is a statewide pool of common intercity passenger rail equipment  
4 for purposes of interoperability among the state-funded corridors  
5 and for vehicle fleet management.

6 SEC. 6. Section 14070.6 of the Government Code is amended  
7 to read:

8 14070.6. The department and any entity that assumes  
9 administrative responsibility for intercity passenger rail services  
10 through an interagency transfer agreement, may, through a  
11 competitive solicitation process, contract with the National Railroad  
12 Passenger Corporation (Amtrak) or with organizations authorized  
13 by state or federal law to provide intercity passenger rail services,  
14 and may contract with rail corporations and other rail operators  
15 for the use of tracks and other facilities and for the provision of  
16 intercity passenger rail services on terms and conditions as the  
17 parties may agree. The department is deemed to be a third-party  
18 beneficiary of the contract, and the contract shall not contain any  
19 provision or condition that would negatively impact on or conflict  
20 with any other contracts the department has regarding intercity  
21 passenger rail services. Any entity that succeeds the department  
22 as sponsor of state-supported intercity passenger rail services  
23 through an interagency transfer agreement, is deemed an agency  
24 of the state for all purposes related to intercity passenger rail  
25 services, including Section 5311 of Title 49 of the United States  
26 Code.

27 SEC. 7. Article 5.2 (commencing with Section 14072) of  
28 Chapter 1 of Part 5 of Division 3 of Title 2 of the Government  
29 Code is repealed.

30 SEC. 8. Article 5.2 (commencing with Section 14072) is added  
31 to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government  
32 Code, to read:

33  
34 Article 5.2. LOSSAN Corridor  
35

36 14072. (a) The LOSSAN Rail Corridor Agency, also known  
37 as the LOSSAN Agency, is an existing joint powers authority  
38 established to provide an organization capable of implementing  
39 the recommendations contained in the State Rail Corridor Study  
40 Group's June 1987 report entitled "Los Angeles-San Diego State

1 Rail Corridor Study” and undertaking related efforts to improve  
2 intercity services and facilities in the corridor and to coordinate  
3 subcorridor commuter rail services with intercity services. The  
4 LOSSAN Agency is composed of voting members, as specified  
5 in the joint powers agreement.

6 (b) “LOSSAN Corridor” or “LOSSAN Rail Corridor” means  
7 the San Diego-Los Angeles-San Luis Obispo intercity passenger  
8 rail corridor.

9 14072.2. This article shall be applicable only if the members  
10 of the LOSSAN Agency enter into an amended joint powers  
11 agreement to expand the authority of the agency to permit the  
12 administration of state-funded intercity passenger rail services on  
13 the LOSSAN Corridor, and the LOSSAN Agency thereafter elects  
14 to become a party to an interagency transfer agreement pursuant  
15 to Article 5 (commencing with Section 14070). The amended joint  
16 powers agreement shall establish the terms and conditions for the  
17 joint powers agency and is subject to the approval of the governing  
18 board of each member agency of the LOSSAN Agency. Only the  
19 LOSSAN Agency operating under the amended joint powers  
20 agreement, and not the LOSSAN Agency existing on January 1,  
21 2013, may exercise jurisdiction over intercity rail services on the  
22 LOSSAN Corridor under an interagency transfer agreement.